



March 27, 2008

Ms. Stephanie Stumbo, Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

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**PUBLIC SERVICE  
COMMISSION**

Dear Ms Stumbo:

Please find enclosed Exhibit E of Thacker-Grigsby's Application for a Certificate of Convenience and Necessity.

If you have any questions, please feel free to contact me at your convenience.

Yours Truly,

A handwritten signature in cursive script that reads 'Janice Grigsby'. The signature is written in black ink and is positioned above the printed name and title.

Janice Grigsby  
Secretary/Treasurer/Office Manager

JG/kj

Enclosure

## Exhibit E

The incremental costs to operate the hybrid fiber-copper network after it has been fully deployed will be negligible. The operational costs, which consist primarily of labor, will be met by existing staff. While it has yet to quantify the savings at the completion of phase 1 and 2 of the project, Thacker-Grigsby anticipates this network deployment will actually result in operational savings over time. Unlike copper networks that are highly sensitive to distance limitations, fiber networks are able to transmit larger quantities of data over much longer distances. Accordingly, Thacker-Grigsby's equipment needs will decrease with the deployment of fiber. Given equipment failure is a significant maintenance cost, maintenance expenses should decrease with fiber technology. Furthermore, in a copper environment, technicians must trouble-shoot a variety of possible issues including interference from other devices to isolate and resolve service reports. This increases the time required to restore service and increases the margin of error in correctly identifying and resolving such problems. The testing and restoration of service improves with fiber deployment. Compared to copper, fiber testing is more efficient and customer issues can be more quickly and accurately resolved.

Therefore, the deployment of fiber will decrease the cost of operations and should not impact the financial condition of Thacker-Grigsby.